ECONOMIC DIVISION

MONTHLY ECONOMIC REVIEW

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आर्थिक कार्य विभाग
DEPARTMENT OF ECONOMIC AFFAIRS

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Abstract

The Indian economy closed FY24 strongly with its growth surpassing market expectations, despite strong external headwinds. Early indications suggest a continuation of the economic momentum during the first quarter of FY25. The emerging robust trends in important high-frequency indicators of growth like the GST collections, e-way bills, electronic toll collections, sale of vehicles, purchasing managers' indices and the value and number of digital transactions attest to the growing strength of the economy.

Industrial activity is gaining momentum. This is clear from improving industrial capacity utilisation and volume indicators like the Index of Industrial Production and Purchasing Managers' Index (PMI) for manufacturing. Concurrently, fixed investment is gathering pace on the back of the focus of the Government on capital spending and the resultant crowing in of private investment. The forward-looking surveys of the Reserve Bank also indicate improving consumer confidence and industrial outlook.

The job market trends are reassuring. While the urban unemployment rate declined y-o-y during the quarter ending March 2024, the labour force participation rate and worker-to-population ratio have improved. Formal jobs are rising, as indicated by the growing net payroll additions under the Employee Provident Fund Organisation.

Along with growth and employment, the other macroeconomic indicators are also improving. Retail inflation clocked 4.83 per cent in April 2024, the lowest in the past 11 months. On the external front, despite global challenges, India's foreign exchange reserves are comfortable, and the Indian rupee has been one of the most resilient vis-à-vis the US dollar in recent months. From the fiscal angle, robust trends in the capital spending of the general government during April-February of FY24, combined with the fiscal consolidation plans reflected in the Budget for FY25, have laid to rest concerns about debt sustainability. Thus, the major pillars of India's macro-economic strength, including growth, price stability and fiscal management, are directionally positive and mutually reinforcing.

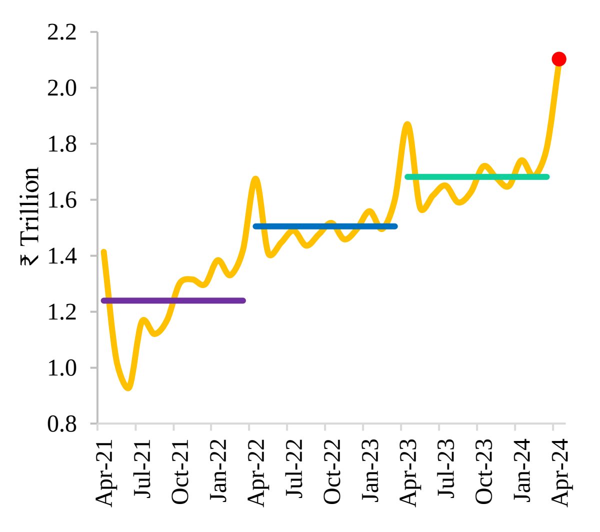
The unrelenting geopolitical tensions and volatility in global commodity prices, especially of petroleum products, present substantial multi-frontal challenges. Nonetheless, the expectation is that the macro-economic buffers nurtured and strengthened during the post-Covid management of the economy will help the Indian economy navigate these challenges reasonably smoothly.

FY25 Started with a Strong Performance of Domestic Activity in April

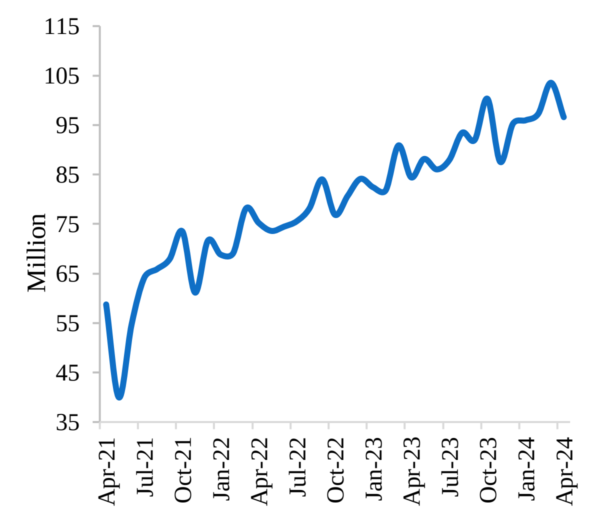
1. Domestic economic activity remained buoyant in FY24, and the momentum has continued in FY25. GST collection jumped to a high of ₹ 2.1 lakh crore in April 2024. The strong uptick was driven by an increase in domestic transactions and imports. The average GST collections have also displayed a level shift upwards over the years due to heightened economic activity and a widening tax base. Among lead demand indicators, toll collection registered continued growth in April 2024. Electricity consumption also accelerated in April due to rising temperatures and increased industrial activity. Vehicle registrations surged in April 2024, led by two-wheelers on the back of stable fuel prices and a positive outlook for monsoon. However, on account of seasonality, e-way bill generation softened compared to March 2024, but registered strong growth compared to the corresponding month last year.

GST collection recorded a 12.4 per cent year-on-year (yoy) growth driven by strong yoy increase in domestic transactions (13.4 per cent) and imports (8.3 per cent). Volume of E-way bill generation moderated to 9.7 crore in April 2024 from 10.4 crore in March 2024, still registering a growth of 14.4 per cent over April 2023. In April 2024, India's power consumption surged by 11 per cent to 144.2 billion units compared to the previous year. Vehicle registration went up by 27 per cent yoy to 2.2 million in April 2024. Toll collections as reported under Electronic Toll collection (ETC) data reached ₹55.6 billion in April 2024, registering a growth of 8.3 per cent over the corresponding period last year.

GST collections jumped to record-high



E-way bill register strong yoy growth



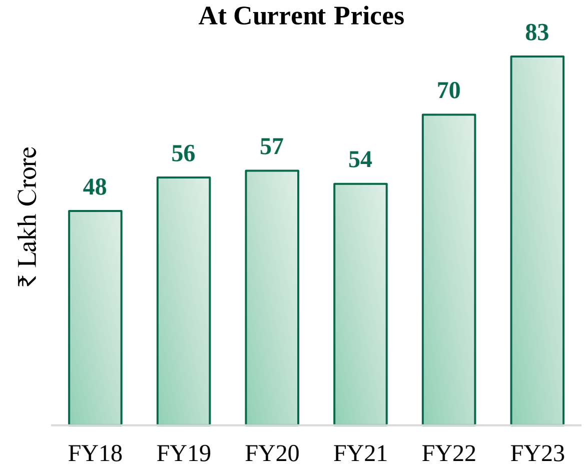
Source: GSTN, Ministry of Finance

Resilient Investment Indicators

2. Investment activity continues to display stability despite ongoing geopolitical headwinds. As per the Second Advance Estimates of National Income released by the National Statistical Office (NSO), the Gross Fixed Capital Formation (GFCF) is expected to be the largest GDP growth driver in FY24, with a percentage contribution of 44.9 per cent.

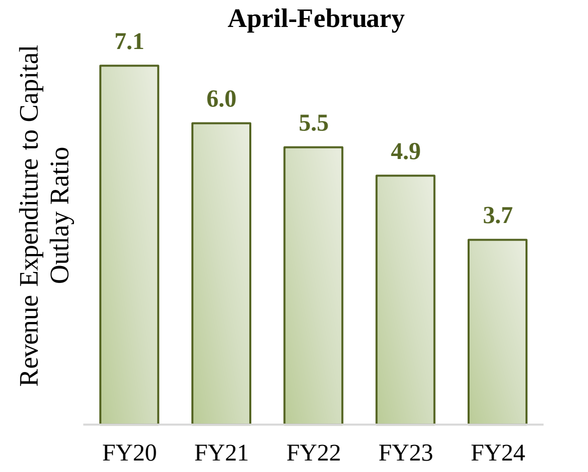
The National Account Statistics 2024 shows GFCF growing by 18.7 per cent in FY23 from ₹69.8 lakh crore in FY22 to ₹82.9 lakh crore in FY23, with broad-based growth across sectors. GFCF in private non-financial corporations witnessed a most notable CAGR of 10.6 per cent from FY12 to FY23, highlighting a pick-up in private capital expenditure.

Rising Gross Fixed Capital Formation



Source: National Account Statistics 2024

Improvement in the quality of Government spending

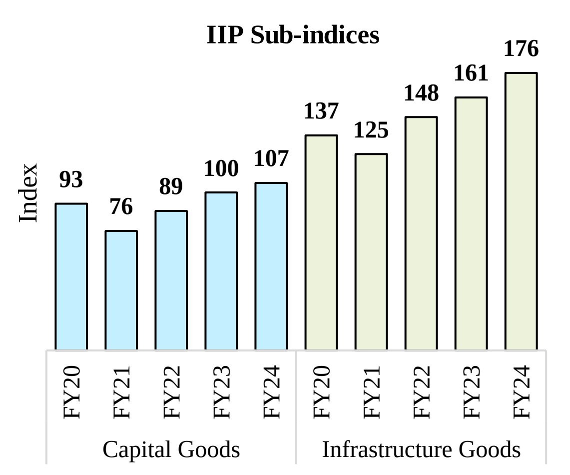
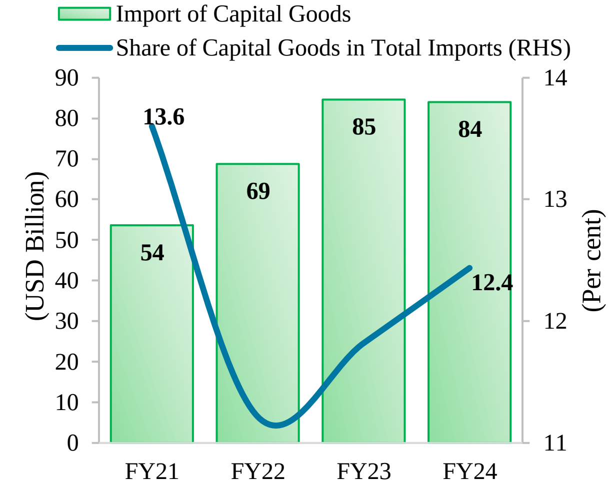


Source: Controller General of Accounts (CGA)

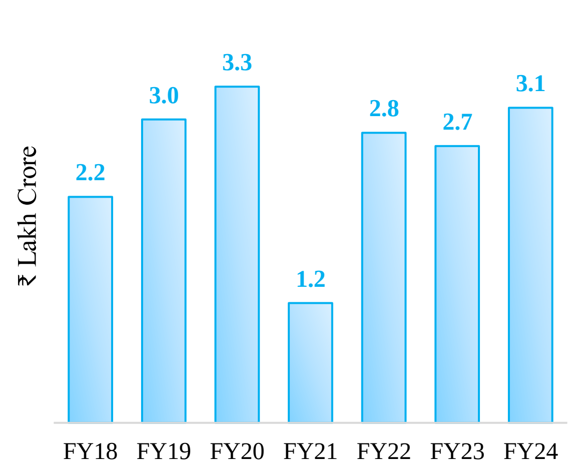
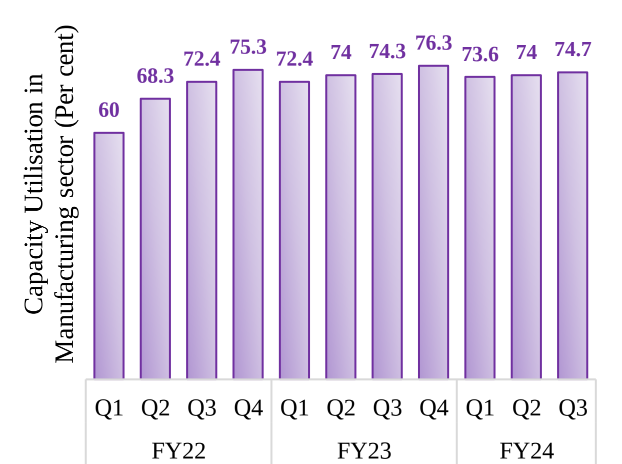
3. According to the data released by the Controller General of Accounts, capital expenditure by the Union Government from April 2023 to February 2024 stood at ₹8.1 lakh crore, 36.5 per cent higher compared to the corresponding period of the previous year. Increased capital expenditure by the Union Government has led to an improvement in the quality of Government spending, as reflected in the decline in the revenue expenditure to capital outlay ratio. The ratio declined from 7.1 in FY20 (April-February) to 3.7 in FY24 (April-February). The increased spending on capex has also incentivised States to increase their capital spending. Capital expenditure by 22 major States grew by 26.6 per cent during April 23-February 24, versus 13.3 per cent in the corresponding period of the previous year.[1]

Increased Government investment activity has also resulted in the crowding-in of private investment. Capital Goods and Construction/Infrastructure Goods indices of the Index of Industrial Production (IIP) were 6.2 per cent and 9.6 per cent higher during FY24 compared to the previous year. Though imports of capital goods in FY24 were marginally lower than that in the previous year, their share in overall imports increased from 11.8 per cent in FY23 to 12.4 per cent in FY24, indicating a continued build-up of productive capacity in the economy.

[1] Source: RBI Bulletin April 2024, page 155, chart III.18 of the State of the Economy report. Link available at: https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/01AR23042024171DB7D87F51463E8809D3F18390D2BD.PDF

Growing investment activity	Rise in the share of capital goods in total imports
	
Source: MoSPI	Source: DGCIS, Ministry of Commerce

4. The CMIE data on new investment announcements serves as an indicator for corporate capex plans. These figures represent intentions, which may or may not materialise, but they do mirror the sentiments and expectations of the companies. The overall scenario is promising, with a significant improvement compared to the pre-COVID era, despite the intentions being lower than the previous year. In FY24, the private sector announced new investment projects worth ₹23.5 lakh crore, much higher than the past five years' average of ₹14.4 lakh crore. Despite new investment projects announced by the private sector being lower in FY24 compared to the previous year, the investment projects completed by the private sector witnessed a significant uptick to ₹3.1 lakh crore in FY24 from ₹2.7 lakh crore in FY23.

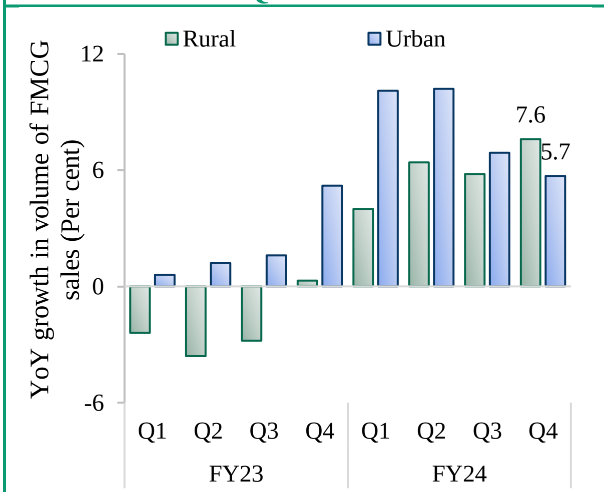
New investment projects completed by the private sector	Increasing capacity utilisation in the manufacturing sector
	
Source: CMIE	Source: OBICUS, RBI

5. The upbeat investment environment is accompanied by increased capacity utilisation in the manufacturing sector, as seen in the RBI's quarterly Order Books, Inventory and Capacity Utilisation Survey (OBICUS) for Q3 of FY24.[2] The aggregate capacity utilisation in the manufacturing sector picked up significantly from 74 per cent in Q2 to 74.7 per cent in Q3 of FY24. Manufacturing companies received a larger number of orders during this quarter as compared to the corresponding quarter of the previous year.

Stronger Rural and Urban Demand Conditions

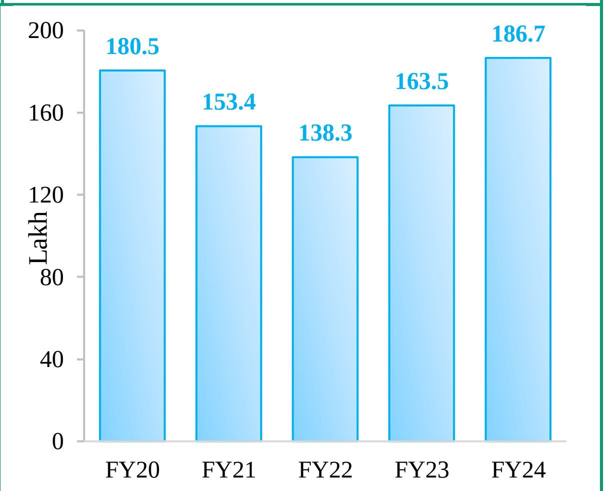
6. While investment activity remains expansive, consumption is being propelled by consistent growth in urban demand and a resurgence in rural demand, thereby contributing to India's growth in FY24. As per the data published by Nielsen IQ, the volume sales of fast-moving consumer goods (FMCG) in rural markets saw a rise of 7.6 per cent in the Q4 of FY24 on a yoy basis. For the first time in five quarters, rural FMCG demand growth outpaced urban growth.

Rise in rural FMCG volume sales growth in Q4 of FY24



Source: Nielsen IQ

Highest two & three-wheeler sales recorded in FY24



Source: Society of Indian Automobile Manufacturers (SIAM)

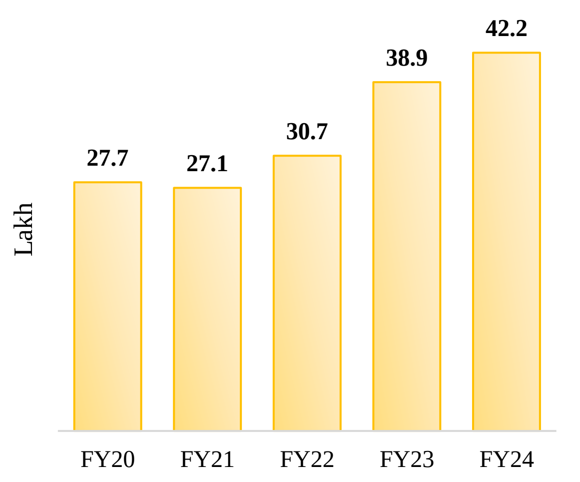
7. Other indicators of rural demand also demonstrate a robust growth in consumption activity in FY24. Two and three-wheeler sales increased by 14.2 per cent in FY24, at 186.7 lakh compared to 163.5 lakh in FY23, due to enhanced model availability, new product introduction and positive market sentiments. Carrying the momentum in FY25, two-wheeler sales registered a remarkable growth of 30.8 per cent in April 2024 on a yearly basis.

[2] 64^{th} round of OBICUS survey. Link at: https://www.rbi.org.in/Scripts/PublicationsView.aspx?id=22438

8. The resilience of urban demand is evident in the robust growth of housing personal loans, which increased by 36.9 per cent in FY24[3]. Sales of passenger vehicles saw a rise of 8.4 per cent in FY24, spurred by the launch of cost-effective compressed natural gas fuel options and new electric models, coupled with positive market sentiment and the provision of high-quality after-sales service.

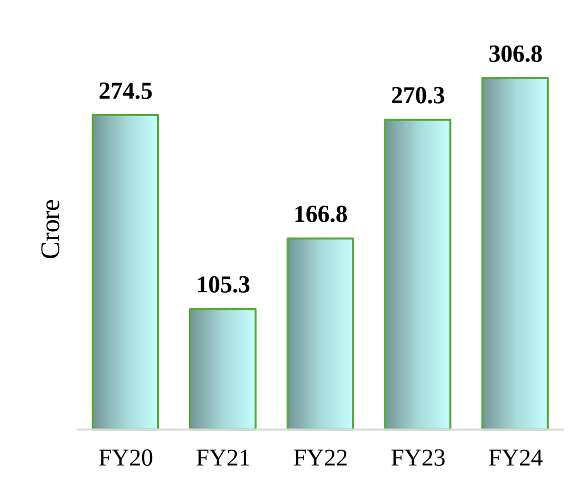
9. The robust consumption demand in urban areas is also reflected in rising domestic air passenger traffic. In FY24, domestic air passenger traffic surpassed the pre-pandemic peak, driven by a growing demand for air travel. The momentum in urban demand persisted in FY25, buoyed by positive consumer sentiment and festive celebrations.

Increase in passenger vehicle sales in FY24



Source: SIAM

Domestic air passenger traffic surpassed the pre-pandemic peak in FY24



Source: Airports Authority of India

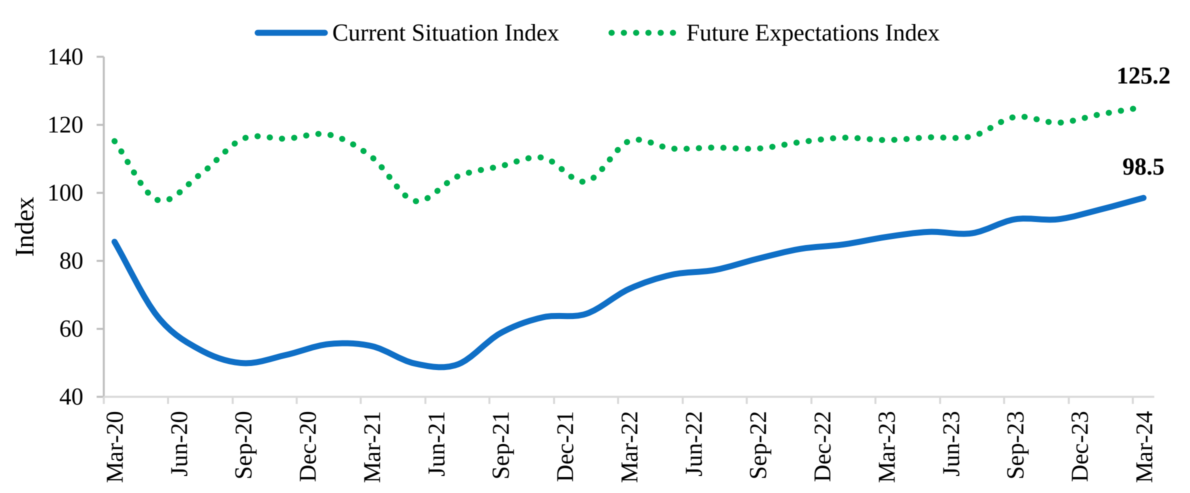
10. According to the RBI's consumer confidence survey for April 2024[4], the Current Situation Index (CSI) rose by 3.4 points to 98.5 in March 2024, the highest level since mid-2019. Consumers are quite optimistic about the general economic situation, income and spending. Consumer confidence for the year ahead improved further on the back of optimism in almost all parameters, such as economic situation, employment, income and spending. The Future Expectations Index (FEI)[5] also rose further by 2.1 points to 125.2, also its highest level since mid-2019.

[3] RBI's data on 'Sectoral Deployment of Bank Credit' https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57816

[4] Link available at: https://www.rbi.org.in/Scripts/PublicationsView.aspx?id=22436

[5] CSI and FEI are compiled on the basis of net responses on the economic situation, income, spending, employment and the price level for the current period (as compared with one year ago) and a year ahead, respectively. CSI and FEI = 100 + Average of Net Responses of the above parameters. 'Net response' is the difference between the percentage of respondents reporting optimism and those reporting pessimism. It ranges between -100 and 100. Any value greater than zero indicates expansion/ optimism, and values less than zero indicate contraction/ pessimism.

Improvement in Consumer Perception



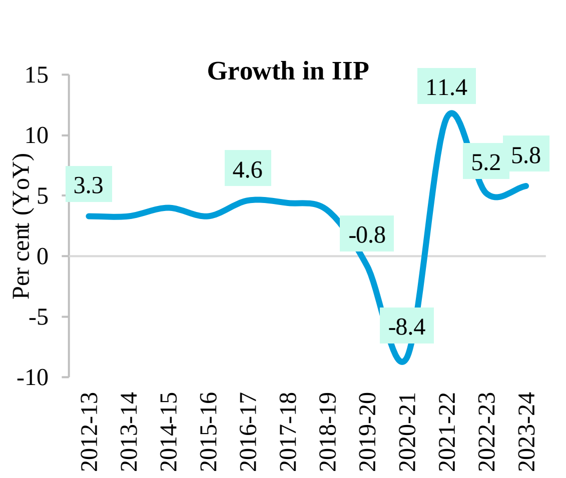
Source: RBI Consumer Confidence Survey

Robust Growth in Industrial Activity in FY24

11. Industrial output continues to expand in March 2024, with the Index of Industrial Production (IIP) increasing by 4.9 per cent in March 2024. IIP grew by 5.8 per cent in the fiscal year FY24. It is important to note that IIP is a volume index, and its growth cannot be readily compared with that of value indices (either at current prices or at constant prices)

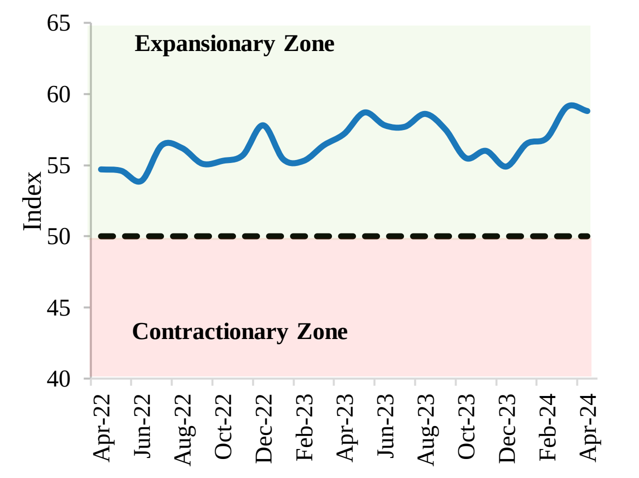
12. The acceleration in 2023-24 was bolstered by healthy growth in infrastructure, intermediate and consumer goods sectors. The emphasis on capex push by the government has led to robust performance of the infrastructure goods sector, exhibiting a growth of 9.7 per cent in FY24, higher than 8.4 per cent in FY23.

Steadily rising industrial output



Source: MoSPI

Expansion continues in PMI Manufacturing



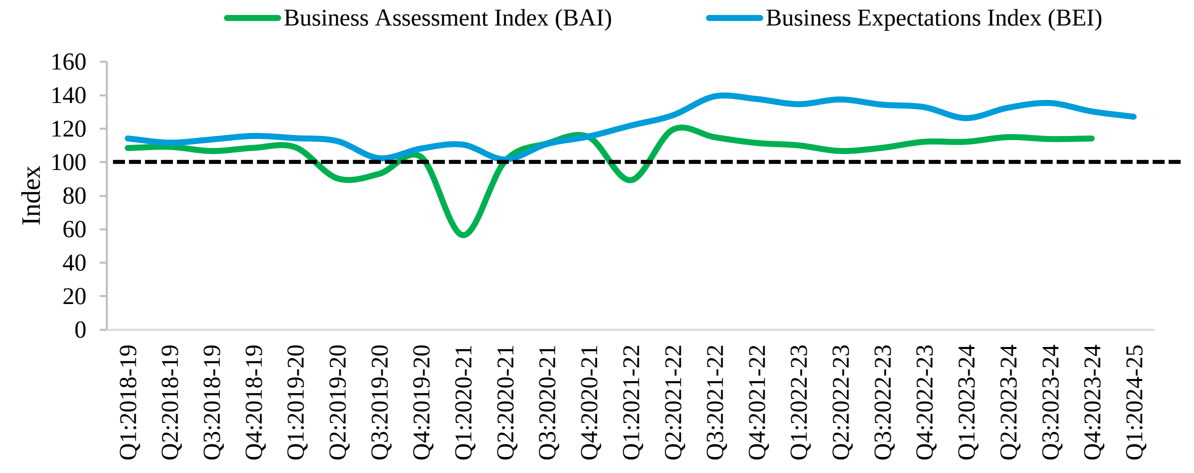
Source: S&P Global, HSBC

13. Manufacturing sector output expanded to a five-month high of 5.2 per cent in March 2024, lifting the overall growth performance for this segment in the 2023-24 to 5.5 per cent.

Basic metals, motor vehicles, trailers and semi-trailers and coke and refined petroleum products were the major catalysts to overall growth.

14. The manufacturing activity maintained its growth trajectory from the previous year, with the Manufacturing PMI for April remaining in the expansionary zone, supported by strong demand conditions, which resulted in a further expansion of output. Improvements in delivery times from suppliers contributed to the increased purchasing activity. Furthermore, a positive outlook for the year ahead prompted firms to expand their workforce.

RBI's Industrial Outlook Survey



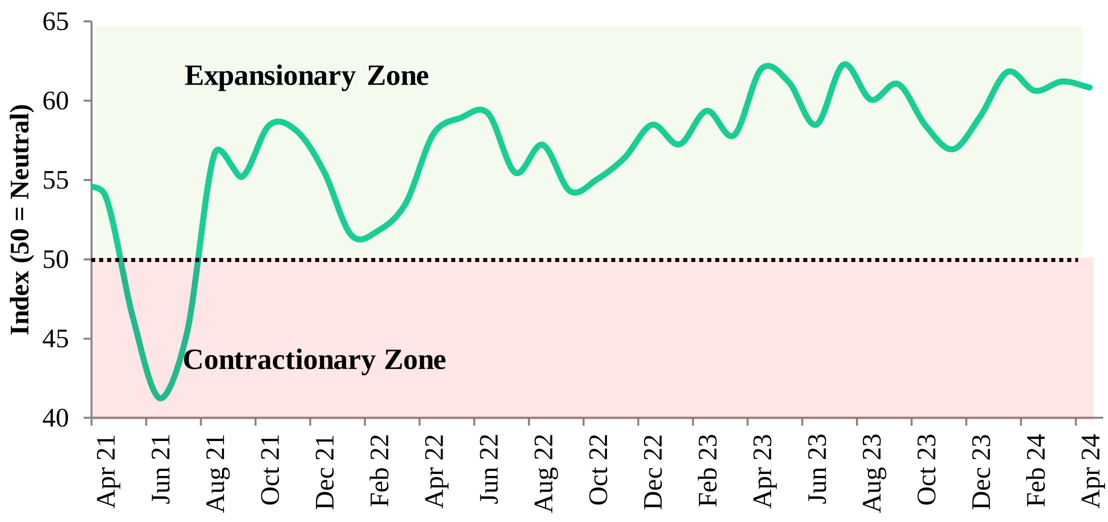
Source: RBI

15. Business sentiments remain upbeat as per the RBI's 105th round of the Industrial Outlook Survey (IOS). Manufacturers continue to be optimistic about demand conditions in Q1 of FY25, with well over half of the respondents reporting a rise in production, order books and overall business situation. With the manufacturing sector capacity utilisation is rising above the long-term average, the increase in new investment announcements by the private sector remains positive for growth.

Healthy Expansion of the Service Sector

16. Just like the industrial activity, the growth in service sectors remains robust in April 2024, as gauged by HSBC's Services PMI. The business activity index has stayed in the expansionary zone for 33 consecutive months in a row, maintaining a resilient value of 60.8 in April 2024. The surge was sustained by buoyant domestic demand and growth of new business and output. In addition to the robust domestic demand, companies reported growth in emerging international markets. The year-ahead outlook for business activity has improved, fuelled by enhanced marketing initiatives, gains in efficiency, competitive pricing strategies, and optimistic predictions regarding sustained favourable demand conditions.

PMI Services: Strengthened Services Activity

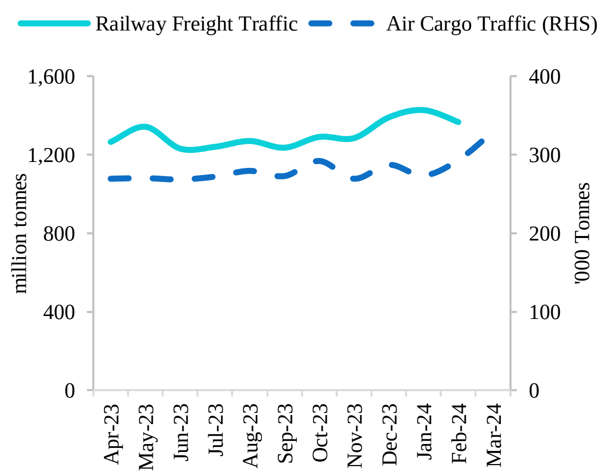


Source: S&P Global, HSBC

17. As the service sector strengthens, there has been a rise in bank credit to important services. The credit growth in the services sector increased to 20.2 per cent in March 2024 on a yoy basis, propelled by an increase in credit to transport operators and the commercial real estate sector.

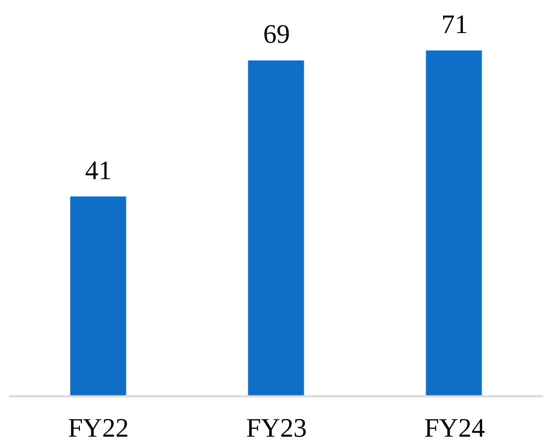
18. India's transportation sector has seen a significant increase in activity recently, with a surge in passenger travel and freight transport. In March 2024, there was a 15 per cent increase in domestic air passengers, a 6 per cent increase compared to February 2024. Rail freight traffic also increased by 4.9 per cent yoy, amounting to 1434 million tonnes from April 2023 to February 2024. Fuel usage in April 2024 increased by 6.1 per cent yoy, totalling over 19.9 million tonnes, supporting the growth in physical connectivity.

Freight activity remains robust



Source: Airports Authority of India and Ministry of Railways

Average Hotel Occupancy Rates (%) surpass 70 per cent mark in 2023-24



Source: ICRA Reports on the Indian hospitality industry

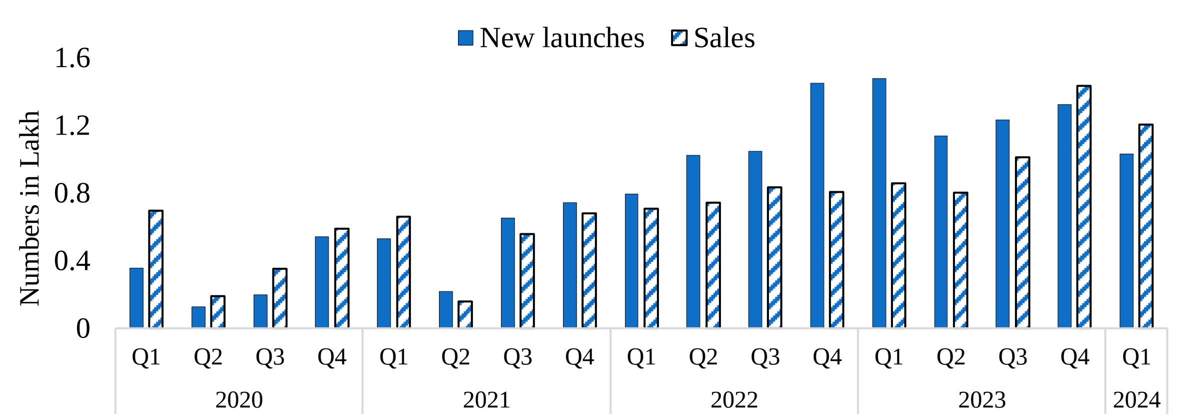
19. The hospitality industry demonstrated robust growth in FY24, driven by a rise in domestic leisure travel and an increased demand for meetings, incentives, conferences, and exhibitions, as well as weddings and business travel. There was an improvement in the hotel occupancy rate, which increased from 68-70 per cent in FY23 to 70-72 per cent in FY24.

Performance of Real estate

20. Real estate sector has seen a significant rebound after the Covid pandemic led lockdowns. The residential property market in India demonstrated a promising trend in 2023, with both demand and new supply experiencing double-digit growth. The momentum continued in Q1 of 2024, witnessing record-breaking sales, clocking a robust 41 per cent yoy growth compared to the same period in the previous year[6]. Further, as mentioned in paragraph 8, the increasing demand for real estate is reiterated by the rise in housing loans.

Residential real estate sales in India in 2023 were the highest since 2013, witnessing a 33 per cent yoy growth, with a total sale of 4.10 lakh units. The new supply witnessed an all-time high, with 5.17 lakh units launched in 2023 as against 4.32 lakh units in 2022, registering a sharp growth of 20 per cent.7 Residential property sales stood at 1.20 lakh units in Q1 of 2024. The new supply has consistently exceeded 1 lakh units since Q2 of 2022, underscoring persistent demand-supply dynamics in the housing market. The desire for home ownership has become stronger ever since the pandemic and has continued to remain strong.

Increased momentum in residential real estate sales



Source: Proptiger

21. Pandemic-induced trends such as remote and hybrid working are expected to have induced homebuyers to venture into larger, sustainable spaces with value-added services and amenities. Factors such as rapid urbanisation, growing emergence of nuclear families, new real estate developers entering the sector, and improved availability of financial options for developers, as well as homebuyers, have contributed to the growth of the real estate sector.

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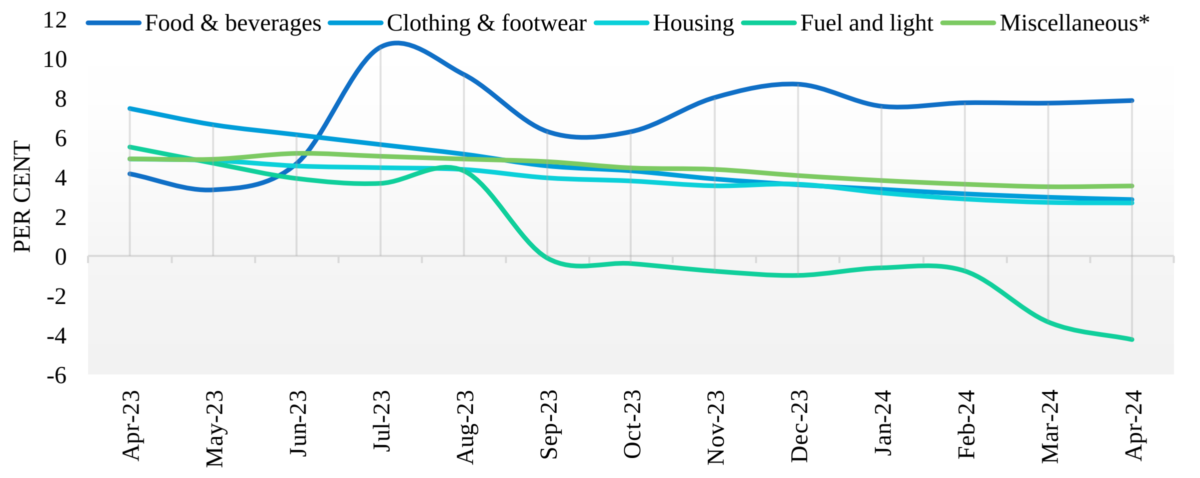
[6] Proptiger Report https://cdn.spark.app/media/housingcom/pdf/real_insight_residential_jan_mar_q1_2024_proptiger_research.pdf

[7] https://www.proptiger.com/guide/post/new-home-sales-record-33-yoy-growth-in-2023-proptiger-com-report

Lowest Rate of Retail Inflation in Last 11 Months

22. Retail inflation based on consumer price index (CPI) decreased from 4.85 per cent in March 2024 to 4.83 per cent in April 2024, marking it as the lowest rate in the past 11 months. The modest reduction in retail inflation in April 2024 was primarily due to a drop in core inflation (which excludes food, fuel and light), which reached a record low of 3.2 per cent, the lowest since January 2014. The decline in core inflation in April was largely due to reduced inflation rates in various items including clothing, footwear, housing, household goods and services, health, education, recreation, amusement, transport and communication.

Inflation is on a downward trend in most of the groups.



Source: MoSPI

Note: * Miscellaneous group includes household goods and services, health, education, recreation & amusement, transport & communication, and personal care and effects.

24. For the eighth month in a row, prices in the fuel and light group remained in the deflationary zone. On March 9, 2024, the government reduced the price of non-subsidised LPG by Rs.100 per 14.2 kg cylinder. This price cut had a ripple effect in April too.

25. Price dynamics in essential food commodities over the past two months reveal that the moderation in prices has been broad-based in March and April 2024 except for seasonal uptick in some vegetables and persistent pressure in certain pulses. Among cereals, wheat price is expected to cool down by the current wheat procurement. Edible oils prices continued to remain in a deflationary zone. Most of the remaining essential commodities witnessed the softening of price pressures assisted by the slew of administrative measures taken by the government. The inflation trend for milk continued its decline over the past year. Sugar inflation saw a notable drop compared to the trends observed in the previous four months.

Further, the sowing of summer crops is progressing favourably. As of 10 May 2024, the area sown under the summer crops expanded by 8.9 per cent compared to the corresponding period last year. Crops like rice, Shree anna coarse cereals, pulses and oilseeds contributed to the increased acreage. This would translate into augmented production.

26. Going forward, the inflation trajectory will be influenced by several factors. Government initiatives, including the open market sales, monitoring of stocks, import of pulses, and export restrictions, are expected to help stabilize food prices. The forecast of normal rainfall for the Southwest Monsoon 2024 bodes well for food production and could alleviate price pressure on food items. Ongoing geopolitical tensions could potentially drive-up international commodity prices and disrupt supply chains.

Optimistic Outlook for Merchandise Exports as External Sector Remains Stable

27. India's merchandise exports in FY25 began on a positive note, recording a growth of 1.08 per cent yoy in April 2024. This comes amid marginally improved economic activity and consumer sentiment in Europe and a steady US economy. The main drivers of export growth were electronic goods, organic and inorganic chemicals, petroleum products and pharmaceuticals, which increased by 25.8 per cent, 16.8 per cent, 3.1 per cent and 7.4 per cent, respectively. Imports increased by 10.3 per cent yoy. This led to an increase in the merchandise trade deficit by 32.3 per cent yoy in April 2024.

28. RBI monthly data indicates India's services exports ended in FY24 by recording a growth of 4.8 per cent.[8] Although the growth has moderated compared to the previous year, a decline in services imports led to a 13.6 per cent increase in net services trade. Preliminary estimates by the Ministry of Commerce and Industry indicate that the momentum in services exports has been carried forward into FY25 with a growth of 14.7 per cent in April 2024.

29. EXIM Bank of India has forecasted that merchandise exports will grow by 12.3 per cent yoy in Q1 of FY25. This is on account of sustained momentum in the services and manufacturing industries, and an expected easing of monetary tightening that spurs global demand. The report mentions that the forecast is subject to downside risks that include geopolitical and geoeconomic fragmentation and uncertain prospects in advanced economies.

30. Gross Foreign Direct Investment (FDI) inflows in FY24 stood at USD 71.0 billion, compared to USD 71.4 billion in FY23. The 2024 Kearny FDI Confidence Index[9] ranked India 4th in the EME category, underscoring its attractiveness as an FDI destination despite moderation and volatility in global capital flows.

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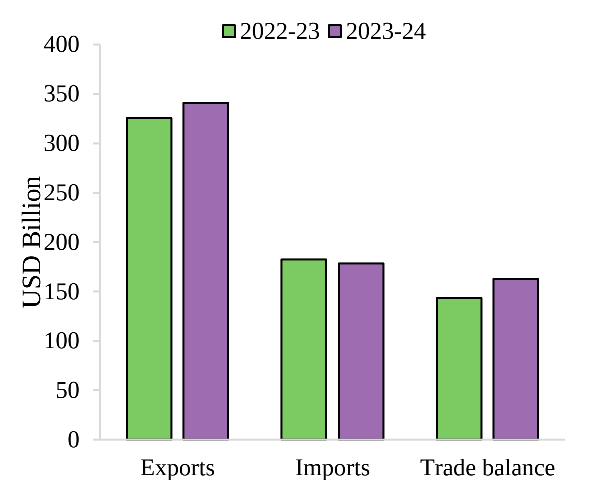
[8] Total services trade for FY 2023-24 calculated using Q1, Q2, Q3 2023-24 values of services trade from RBI quarterly BoP data and monthly services trade data for Jan, Feb and March 2024.

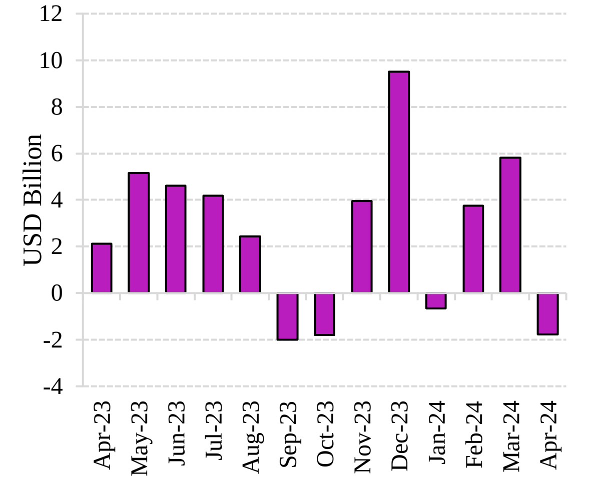
[9] https://www.kearney.com/service/global-business-policy-council/foreign-direct-investment-confidence-index

Double-digit growth in net services trade in 2023-24



Source: RBI

FPI outflows in April 2024

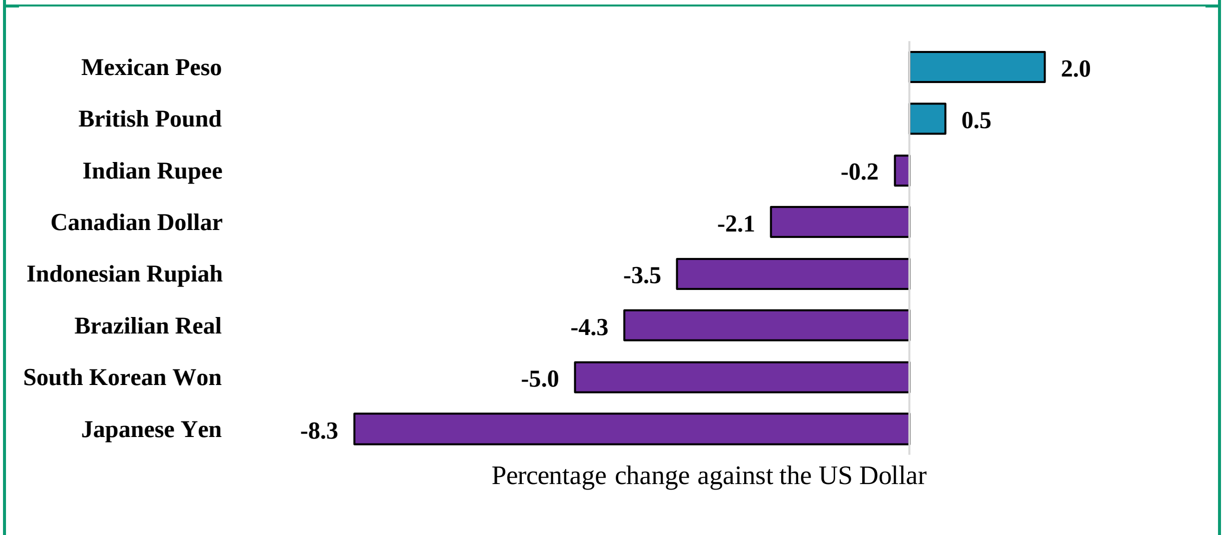


Source: CDSL

31. After ending FY24 on a strong note, India witnessed a net outflow of foreign portfolio investments of USD 1.8 billion in April 2024. This is attributed to profit-booking by market participants amidst higher market valuations and uncertainty in global markets regarding interest rate cuts by major central banks.

32. Despite volatile FPI flows, the rupee continues to remain one of the most stable major currencies. Between 2nd January 2024 and 15th May 2024, the rupee depreciated by 0.2 per cent against the US Dollar. Between 1st April 2024 and 15th May 2024, the rupee depreciated marginally by 0.11 per cent. A stable rupee has also aided the RBI build significant forex reserves, which, as of 10 May 2024, stood at USD 644.2 billion.

The ₹ remains steady despite heightened global economic uncertainty (2nd Jan 2024 – 15th May 2024)

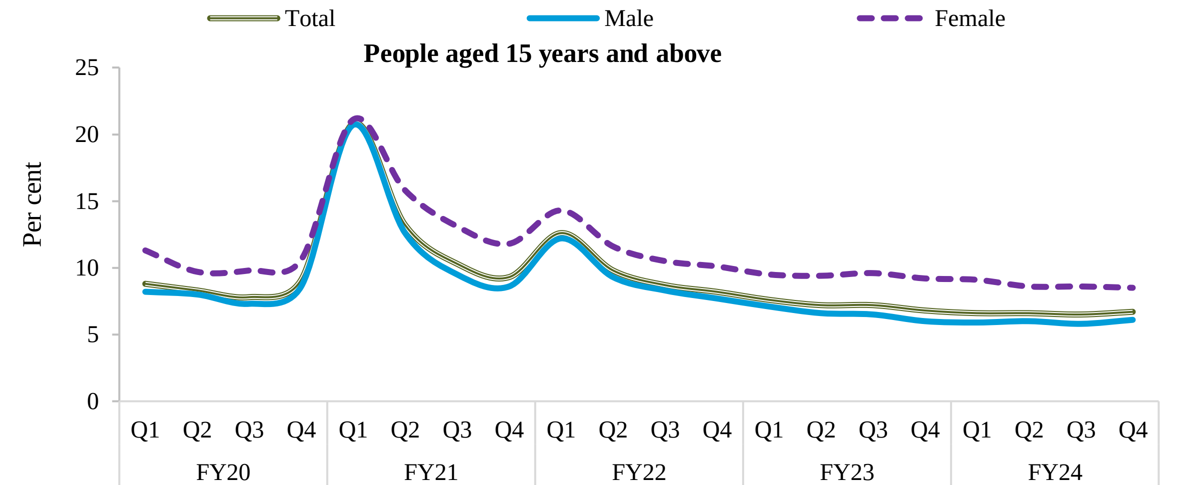


Source: Bloomberg

Employment Trends Confirm India's Economic Resilience

33. The unemployment situation improved, with annual as well as quarterly unemployment rates declining since the highs witnessed during the COVID-19 pandemic. As per the Periodic Labour Force Survey (PLFS) data released by the National Statistical Office, the urban unemployment rate, as per the Current Weekly Status (CWS[10]) for people aged 15 years and above declined to 6.7 per cent for the quarter ending March 2024 from 6.8 per cent in the corresponding quarter of the previous year. The moderation in the urban unemployment rate has been accompanied by a rise in the Worker to Population Ratio (WPR) and Labour Force Participation Rate (LFPR). The WPR for people aged 15 years and above increased from 45.2 per cent in the quarter ending March 2023 to 46.9 per cent in the quarter ending March 2024. During the same time, the LFPR rose from 48.5 per cent to 50.2 per cent. The Female LFPR also witnessed a rise during the same period.

Declining Urban Unemployment Rate



Source: NSO, MoSPI

Rising Formalisation of Employment

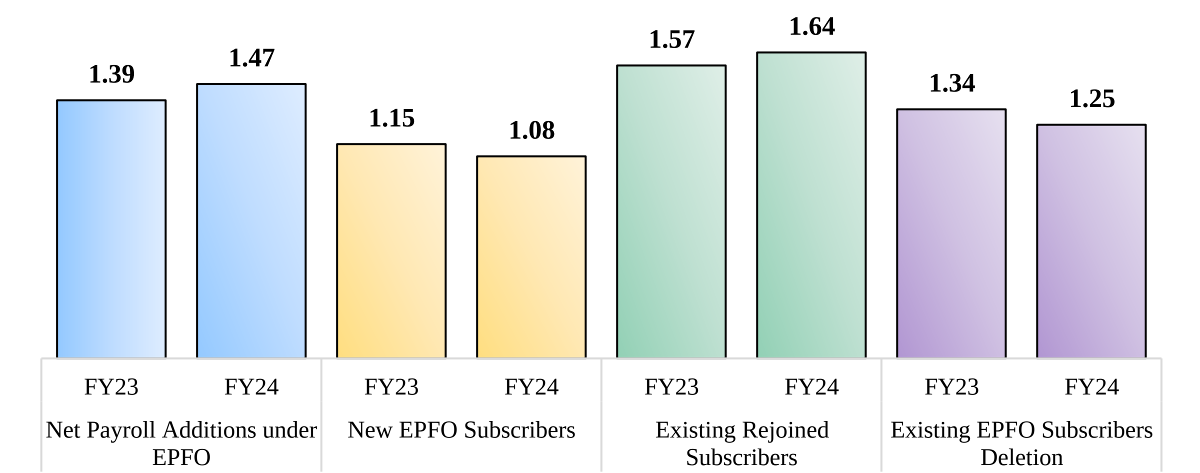
34. The declining unemployment rates have been accompanied with a rising formalisation of employment. There is evidence of increasing net payroll additions under the Employee Provident Fund Organisation (EPFO), with more members rejoining than exiting the social security net. The creation of digital identities like Aadhar, registration of unorganised workers on the e-shram portal and registration of MSMEs on the Udyam portal has played a significant role in promoting the formalisation of the economy. As of 22 May 2024, 4.4 crore MSMEs have been registered on the Udyam Portal (including informal enterprises registered on the Udyam Assistance Platform), more than 97 per cent being micro-enterprises.

[10] In the case of CWS, the activity status is determined on the basis of a reference period of the last 7 days preceding the date of the survey

35. The EPFO net payroll addition[11] stood at 1.47 crore members during FY24, amounting to a yoy rise of 6.3 per cent from 1.39 crore members in the corresponding period of the previous year. Around 1.08 crore new subscribers[12] were enrolled in FY24, with 56.7 per cent of the newly joined subscribers being in the age group of 18-25 years, indicating healthy hiring for youth. The relatively high number of members rejoining EPFO signifies a churning labour market opting to extend its social security protection.

36. Across months, the number of subscribers rejoining EPFO has been higher than new subscribers or existing subscribers' deletions. During FY24, 1.64 crore members rejoined after exiting previously. According to EPFO, these members switched their jobs and joined the establishments covered under EPFO and opted to transfer their accumulations instead of applying for final settlement, thus extending their social security protection. The number of existing EPFO subscribers' deletions has been lower in FY24 compared to the previous year. 1.25 crore EPFO subscribers exited during FY24, compared to 1.34 crore in the previous year.

The trend in EPFO subscribers



Source: EPFO

37. At a broader level of the manufacturing and services sector as well, rising job creation is evident. The PMI Manufacturing employment sub-index suggests the generation of more employment opportunities in the manufacturing sector supported by improvement in operating conditions, buoyant demand, uptake in new business intakes and scaled-up production. Similarly, the PMI Services sub-index shows a step-up in employment generation in the services sector from a combination of buoyant domestic demand, new business gains and an upturn in international sales.

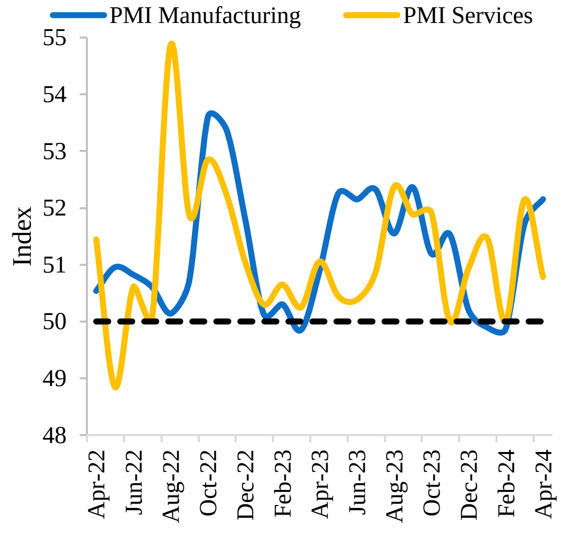
38. The Naukri Job Speak Index signals a moderation in hiring activity in white-collar jobs in April 2024 on a sequential as well as annual basis. While the overall index remained

[11] Net Payroll addition = New subscribers – Exited members + Rejoinee subscribers

[12] A new member is reflected in the EPFO payroll numbers when the first non-zero contribution is received for the member's Aadhaar-linked Universal Account Number through Electronic Challan cum Return.

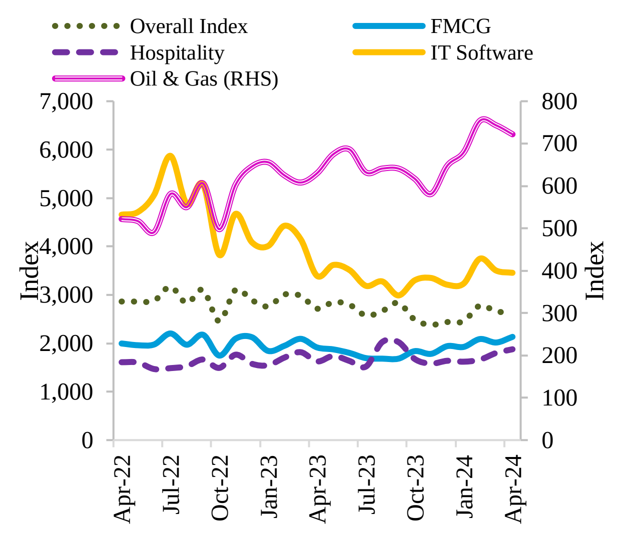
flat, the new financial year started on a positive note, with good hiring growth recorded in hospitality, oil & gas and FMCG. The oil & gas industry recorded a 15 per cent yoy increase in new job creation in April 2024. Roles like petroleum engineers, drilling engineers, and production operators were sought after, particularly in locations like Ahmedabad, Vadodara, and Jaipur. Hiring in the FMCG sector witnessed 11 per cent upswing in April 2024 compared to April 2023, fuelled by rising demand in rural areas. The hospitality and travel sector witnessed a solid 16 per cent increase in hiring activity compared to April 2023, driven by the resurgence of travel and tourism. Within the IT sector, there is substantial growth witnessed by unicorns in the Software and Software Services, with a 49 per cent yoy increase in hiring activity.

Continued expansion in PMI Employment sub-indices



Source: S&P Global, HSBC

Naukri Job Speak Index signals a moderation in hiring activity



Source: Naukri Job Speak Report

Conclusion

39. The crux of the foregoing discussion is that the industrial and service sectors of the Indian economy are performing well, backed by brisk domestic demand and partially by tentative external demand. Domestic manufacturing will likely receive stronger external support in the upcoming months. Modestly improved economic activity and consumer sentiment in Europe and a steady US economy have aided India's exports in April. There are reports that show that the number of organisations in the US and Europe that are focusing on reindustrialisation has increased. The majority of these organisations are focussing on enhancing supply chain resilience. This can benefit India's manufacturing firms as part of the China Plus One strategy. The EXIM Bank of India has forecasted that merchandise exports will post a double-digit growth in Q1 of FY25.

40. Factors like the ongoing recovery in the hotel and tourism industry, increased credit flow to transport and real estate segments, policy support and robust investments in physical and digital infrastructure and logistics will help the services sector. The strong export growth

in April 2024 indicates that the momentum in services trade has been carried forward into FY25.

41. The future inflation path will be shaped by several elements. Government initiatives to stabilise the prices of essential food items, including their open market sale, stock monitoring and trade policy measures are helping to stabilize food prices. The harvest for the Rabi Marketing Season for 2024-25 is expected to temper the prices of key items like wheat and chana. The prediction of a normal Southwest Monsoon also augers well for food production and easing of price pressures. With the assumption of normal monsoon, the RBI forecasts a 4.9 per cent retail inflation for FY25's first quarter. The positive indications in the farm sector should help India firewall against any adverse pressures that may arise from geopolitical tensions and global commodity prices. Likewise, the strong macro-economic buffers of India should help the real sectors of the economy navigate the external headwinds smoothly and continue the growth momentum of the previous year.

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Performance of High-Frequency Indicators

Data Title	Unit	YTD Period/As at the end of	Year to Date			Year to Date (YoY Growth)		
			2022-23	2023-24	2024-25	2022-23	2023-24	2024-25
Agriculture								
Fertiliser Sales	Mn Tonnes	Apr	4.4	3.7	3.7	66.7	-15.3	-1.8
Domestic Tractor Sales	Lakh	Apr	0.9	0.8	0.8	40.6	-11.1	-3.0
Foodgrain Production (Kharif +Rabi)*	Mn Tonnes	2nd AE	313.6	309.3		4.5	-1.3	
Reservoir Level	Bn Cu. Metres	16-May	56.8	57.4	45.3	8.4	1.1	-21.1
Wheat Procurement (RMS)	LMT	21-May	181.6	249.0	260.5		37.1	4.6
Rice Procurement (KMS)	LMT	21-May	491	476		1.8	-3.1	-
Forecast Rainfall	% of LPA	June-Sep	99.0	96.0	106.0	1.0	-3.0	10.4
Credit to Agriculture and allied activities	₹ Lakh crore	March	15.0	17.3	20.7	12.6	15.3	19.7
Industry								
IIP	Index	Apr-Mar	138.5	146.6	-	5.3	5.9	-
8-Core Industries	Index	Apr-Mar	146.7	157.7	-	7.8	7.5	-
Domestic Auto sales	Lakh	Apr	14.2	17.1	21.4	11.9	20.5	24.7
PMI Manufacturing	Index	Apr	54.7	57.2	58.8	-1.4	4.6	2.8
Power consumption	Billion kWh	Apr	134.1	132.5	143.8	14.1	-1.2	8.5
Natural gas production	Bn Cu. Metres	Apr-Mar	34.4	36.4	-	1.3	5.8	-
Cement production	Index	Apr-Mar	170.6	186.3	-	8.7	9.2	-
Steel consumption	Mn Tonnes	Apr	9.1	10	11.1	1.8	9.5	10.9

Note: Foodgrain production data for 2022-23 is final estimate.

Data Title	Unit	YTD Period/As at the end of	Year to Date			Year to Date (YoY Growth)		
			2022-23	2023-24	2024-25	2022-23	2023-24	2024-25
Inflation								
CPI-C	Index	April	170.1	178.1	186.7	7.8	4.7	4.8
WPI	Index	April	152.3	151.1	153	15.4	-0.8	1.3
CFPI	Index	April	169.4	175.9	191.2	8.3	3.8	8.7
CPI-Core	Index	April	169.1	177.8	183.5	7.1	5.1	3.2
Services								
Average Daily ETC Collection	₹ Crore	April	140.5	171.3	185.5	52.7	21.9	8.3
Domestic Air Passenger Traffic	Lakh	Apr-Mar	2703.3	3067.9		62.0	13.5	
Port Cargo Traffic	Million tonnes	April	65	66.4	67.3	5.6	2.1	1.3
Rail Freight Traffic	Million tonnes	Apr-Feb	1278.8	1367.5	1434	16.0	6.9	4.9
PMI Services	Index	April	57.9	62	60.8	7.2	7.1	-1.9
Fuel Consumption	Million tonnes	April	18.5	18.7	19.9	13.1	1.4	6.1
UPI (Volume)	Crore	April	595.5	889.8	1330.4	125.5	49.4	49.5
E-Way Bill Volume	Crore	April	7.5	8.5	9.7	27.1	13.3	14.1
Fiscal Indicators								
Central Gross tax revenue	₹ Lakh crore	Apr-Feb	25.5	28.9	-	12.3	13.3	-
Revenue Expenditure	₹ Lakh crore	Apr-Feb	29.0	29.4	-	9.0	1.4	-
Capital Expenditure	₹ Lakh crore	Apr-Feb	5.9	8.1	-	22.9	37.3	-
Fiscal Deficit	₹ Lakh crore	Apr-Feb	14.5	15.0	-	9.8	3.4	-
GST Collection	₹ Lakh crore	Apr	1.7	1.9	2.1	19.6	11.6	12.3

Data Title	Unit	YTD Period/As at the end of	Year to Date			Year to Date (YoY Growth)		
			2022-23	2023-24	2024-25	2022-23	2023-24	2024-25
External Sector								
Merchandise exports	USD Billion	Apr	39.7	34.6	35	29.1	-12.8	1.1
Non-oil exports	USD Billion	Apr	31.8	28.2	28.4	17.4	-11.5	0.6
Merchandise imports	USD Billion	Apr	58.1	49.1	54.1	26.1	-15.5	10.3
Non-oil non-gold/silver imports	USD Billion	Apr	38.6	34.2	34.4	33.0	-11.3	0.4
Net FDI	USD Billion	Apr-Mar	42	26.9	-	-25.3	-35.9	-
Exchange Rate	INR/USD	Apr	76.2	82	83.4	2.3	7.7	1.7
Foreign Exchange Reserves	USD Billion	10th May	593.3	599.5	644.2	0.6	1.0	7.5
Import Cover	Months	Apr	11.5	10	11.2			
Monetary and Financial								
Non-Food Credit	₹ Lakh crore	3rd May	119.5	138.7	165.9	10.9	16.1	19.6
10-Year Bond Yields	Per cent	Apr	6.07	7.21	7.17	-0.1	1.1	0.0
Repo Rate	Per cent	20th May	4.4	6.5	6.5	0.4	2.1	0.0
Currency in Circulation	₹ Lakh crore	10th May	32.4	34.9	35.9	9.5	7.7	2.9
M0	₹ Lakh crore	10th May	40.5	44.6	46.9	11.6	10.1	5.2
Employment								
Net payroll additions under EPFO	Lakh	Apr-Mar	138.5	147.2	-	13.2	6.3	-
Number of persons demanded employment under MGNREGA	Crore	Apr	3.29	3.18	3.02	-13.1	-3.4	-5.0
Urban Unemployment Rate	Per cent	Jan-Mar	6.8	6.7	-	-17.1	-1.5	-
Subscriber Additions: NPS	Lakh	Apr-Dec	5.6	6.6	-	-1.6	17.1	-